

Sustainability-Linked Financing Framework

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PARAMOUNT

Business Overview

Introduction

Paramount Corporation Berhad (**Paramount or the Company**), is a long-standing investment holding entity listed on the Main Market of Bursa Malaysia. With a history spanning over 50 years, our portfolio includes property development, coworking spaces, food and beverage, hospitality, education and e-commerce and e-financing.

Under the guiding vision of "Changing Lives and Enriching Communities for a Better World," Paramount's pursuits transcend mere profitability, emphasising sustainable growth and positive societal contributions. At the core of our corporate philosophy lies an unwavering commitment to integrity and trust, recognised as the foundation for enduring relationships with customers, partners, and stakeholders. Upholding the highest ethical standards is not just a practice but a demonstration of our dedication to responsible business conduct.

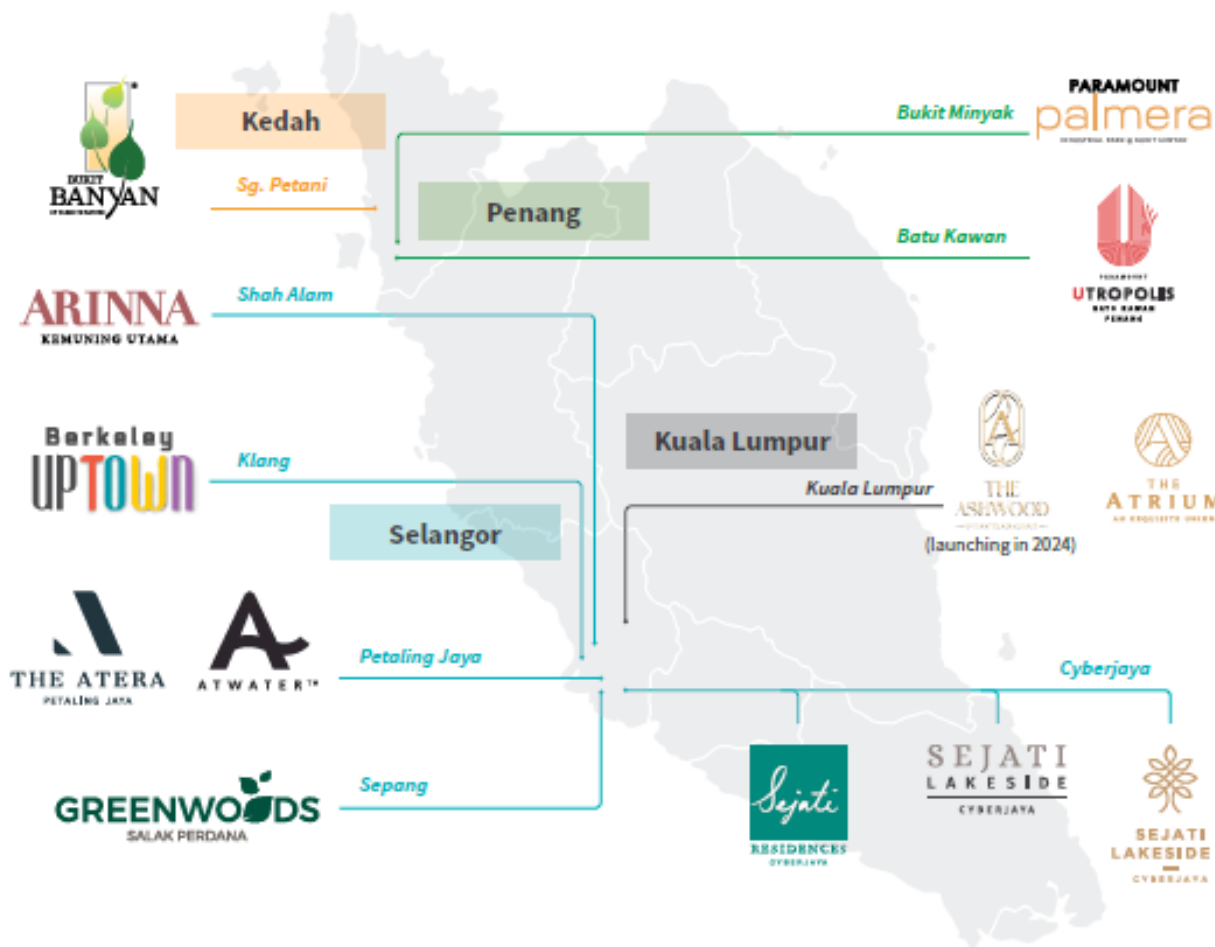
Our brand 'Paramount Property' is distinguished and property development remains our primary focus. Our operations extend across key regions such as the Klang Valley, Kedah, Penang, and Bangkok, Thailand, comprising diverse projects: residential, commercial, retail, educational, industrial, hospitality, and integrated developments.

Aligned with our vision and values, we are steadfast in our sustainability pursuit. This entails not only financial success but also a commitment to environmental stewardship, social inclusivity, and ethical practices. Recognising the interconnected nature of economic, social, and environmental factors, we strive to generate value for all stakeholders while minimising our ecological footprint.

For the purposes of sustainability reporting, Paramount currently tracks and monitors the business operations and activities which are 100% owned and controlled by the Group. This comprises Paramount Property and its entities including Utropolis Marketplace, Co-labs Coworking and Dewakan.

PARAMOUNT
PROPERTY

Paramount Property is an award-winning property developer with an excellent track record of building homes, commercial and industrial properties, as well as private schools and university campuses in the Klang Valley, Kedah, and Penang. Paramount Property also has a joint venture investment in a condominium project in Bangkok.



Revenue (FY2023)
RM973.7 million

Ongoing GDV
RM3.5 billion

Total employees
414

Workers at site
3,094

(As at 31 December 2023)



Co-labs Coworking offers vibrant community-centric coworking spaces in the Klang Valley, as well as customisable workspace solutions.



In August 2020, Paramount Coworking together with Paramount Property launched Scalable Malaysia, a one-stop workspace solutions provider that specialises in location sourcing, designing, and building cost-effective innovative interiors, with options for after-built service of facility management.



Tropicana Gardens



Starling



Starling Plus



Naza Tower

Revenue (FY2023)
RM13.1 mil

Total space
152,000 sqft

Employees
27



Sekitar26, Shah Alam



Ken TTDI

(As at 31 December 2023)

DEWAKAN

Dewakan holds the distinction of being the first and only Malaysian restaurant to attain a two-MICHELIN Star rating. With a focus on local ingredients, it has played a pioneering role in advancing the modern Malaysian culinary scene domestically.



Revenue (FY2023)
RM6.3 mil

Total space
4,905 sqft

Employees
18

(As at 31 December 2023)

Sustainability Strategies and Policies

Sustainability Framework

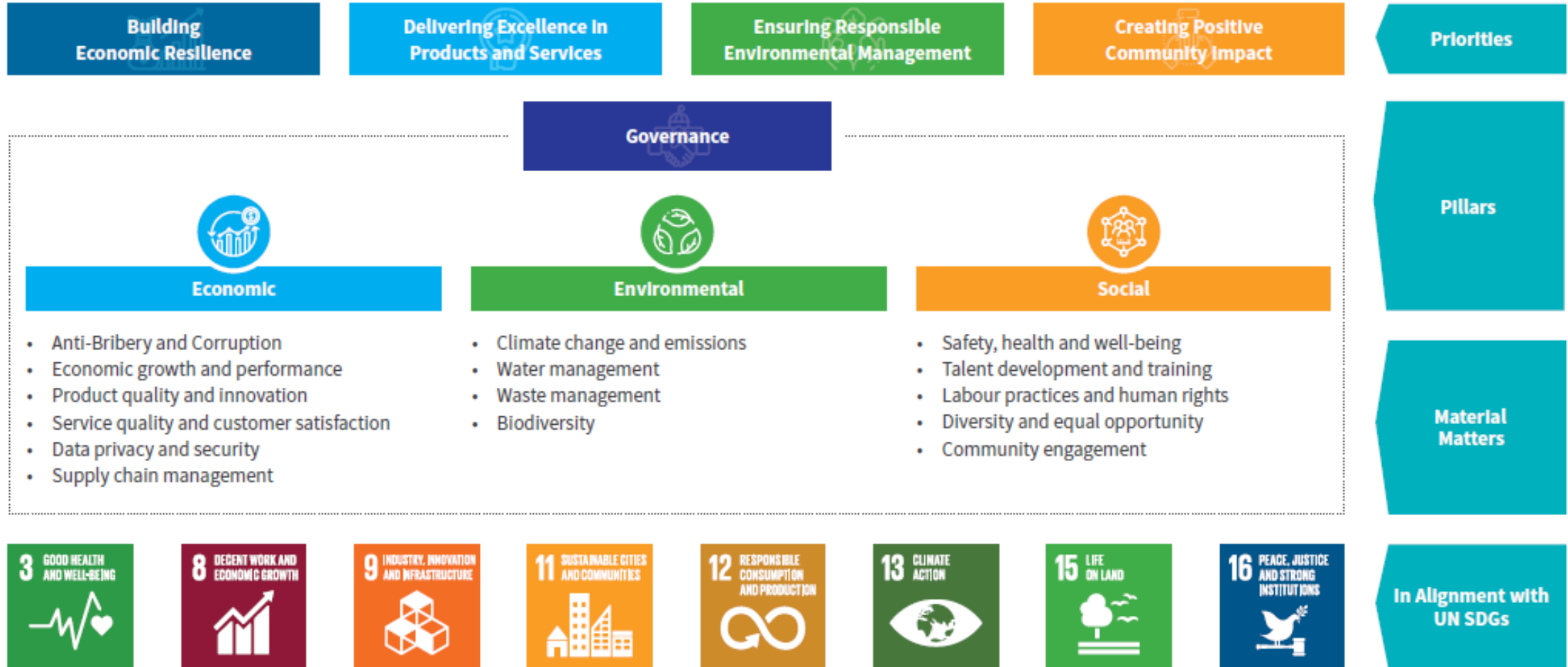
Paramount's sustainability efforts are anchored on Economic, Environment, Social and Governance pillars upon which all sustainability priorities and materiality matters are framed. These are aligned with our material matters and designed to meet Paramount's overall business and growth strategy.

In addition, we are committed to supporting the United Nations Sustainable Development Goals (**UN SDGs**) and strive to deliver sustainable value with purpose.

It is upon this foundation that Paramount's Sustainability Framework is formed and practiced within the Group.

This framework may be updated periodically taking into consideration shifts in business priorities as well as the latest industry and market developments.

Sustainability Framework

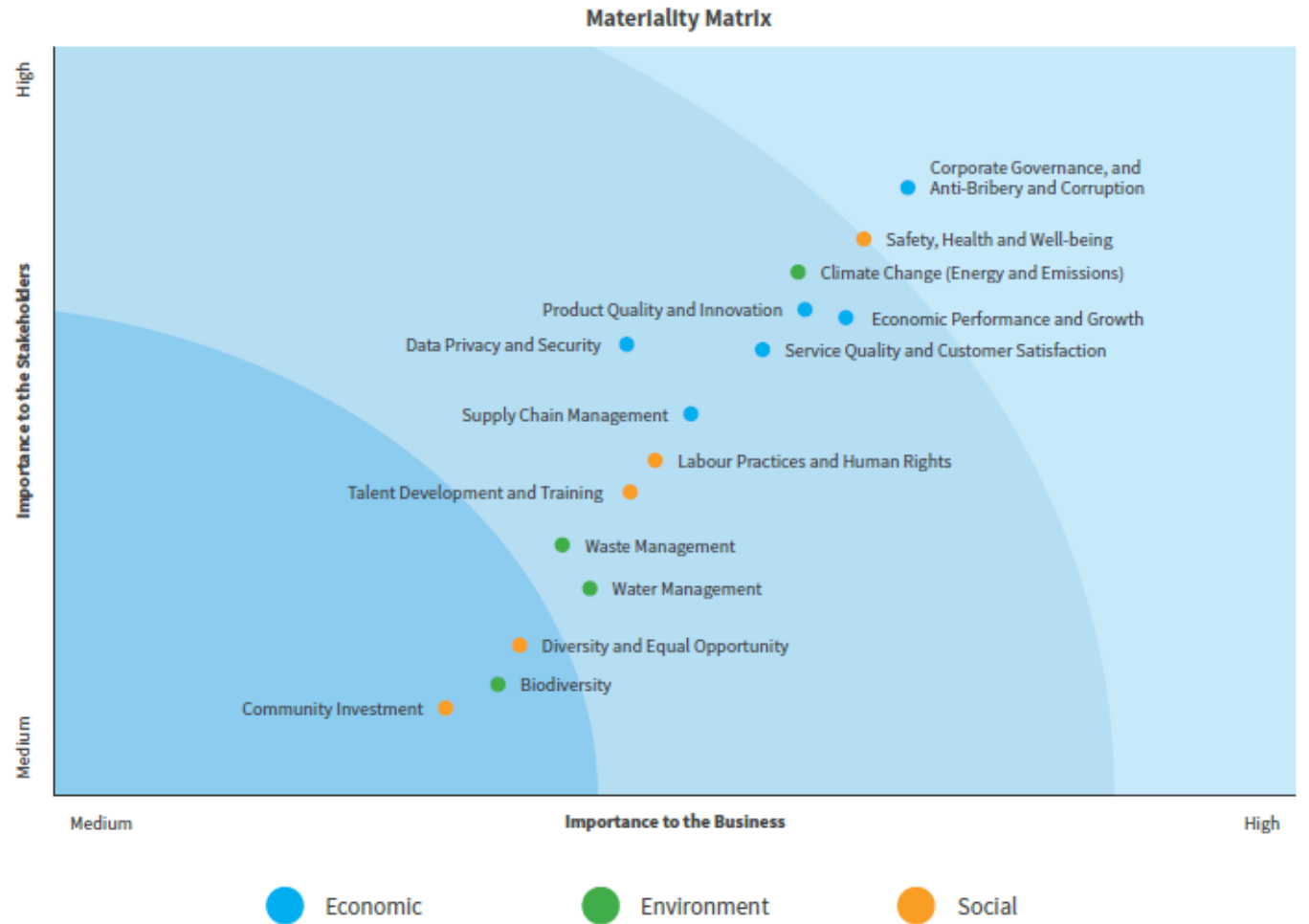


Materiality Matters

In 2023, Paramount conducted a materiality reassessment to evaluate and reprioritize economic, environmental, and social issues relevant to the Group and stakeholders. Through this process, 15 material matters were reviewed and refined by the Sustainability Steering Committee and approved by the Board.

The top three material matters for Paramount are as follows:

1. Corporate Governance and Anti-Bribery & Corruption
2. Safety, Health & Wellbeing
3. Climate Change (Energy & Emissions, added for the first time to align with the global initiative toward achieving net zero emissions.



Alignment with UN SDGs

The United Nations General Assembly adopted the Sustainable Development Goals (SDGs) on September 25, 2015. These 17 global goals, along with their defined targets, aim to promote long-term sustainable economic, social, and environmental development.

Paramount has pledged support for eight SDGs, focusing on areas where it can make significant contributions aligned with its business model and activities.



Ensure healthy lives & promote well-being

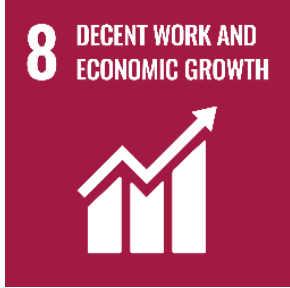
Safety and health priorities underpin all our business activities. Our properties are designed to cater for the wellbeing of its inhabitants. We also care for the safety and health of our employees while contributing to the well-being of the communities around us



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

We are committed to building sustainable infrastructure and adopting sustainable production practices while fostering innovation through collaborative efforts to reduce environmental impact and promote sustainability.

Alignment with UN SDGs (cont.)



Promote inclusive and sustainable economic growth, productive employment and decent work

We actively work to promote a safe and secure work environment and good working conditions for our employees and those who work with us. We are committed to empowering the local supply chain by prioritising local procurement and creating more local job opportunities for healthy economic growth.



Ensure sustainable consumption and production patterns

We aim to contribute to more sustainable consumption and production through better resource efficiency and management. In promoting the principles of 'reducing, reusing and recycling' we aim to achieve positive changes in our operations and cut down waste.



Take urgent action to combat climate change and its impact

We are working to reduce greenhouse gas emissions to do our part in combating climate change. In doing so, we are setting emissions reduction targets and taking climate resilience considerations in our design and build.

Alignment with UN SDGs (cont.)



Make cities and human settlements inclusive, safe, resilient and sustainable.

We work with various stakeholders to create sustainable cities and societies together. By ensuring that we have a good mix of facilities in our buildings and designing public spaces and green areas, we are committed to creating inclusive and safe urban living which promotes security and well-being for all.



Protect, restore and promote sustainable use of terrestrial ecosystems

We strive to minimise the destruction of natural habitats by conserving green spaces where possible and protecting biodiversity in the areas we operate. We also aim to incorporate nature into our design principles.



Promote peaceful and inclusive societies for sustainable development

We have policies and procedures in place to encourage effective, accountable, and transparent business transactions. We also ensure responsive, inclusive, participatory, and representative decision-making at all levels. This is our way of contributing to a peaceful and inclusive society.

Sustainability Governance

Sustainability Aspirations

At Paramount, we are committed to building a sustainable future that creates lasting value for our business, stakeholders, community, and the environment.

Aspired by "Creating Sustainable Value for The Future" involves taking actions today that positively impact future generations. At Paramount, we embrace change, transforms our business, and seeks innovative solutions to future-proof our operations and create long-term value.

Policies

Paramount has established a comprehensive set of policies, frameworks, and guidelines to govern our daily business operations. In 2019, we adopted the COSO Internal Control Integrated Framework to enhance policy management and strengthen our corporate governance structure. Our Sustainability Policy, accessible on our website www.pcb.my under Corporate Governance, guides our approach to sustainability-related matters.

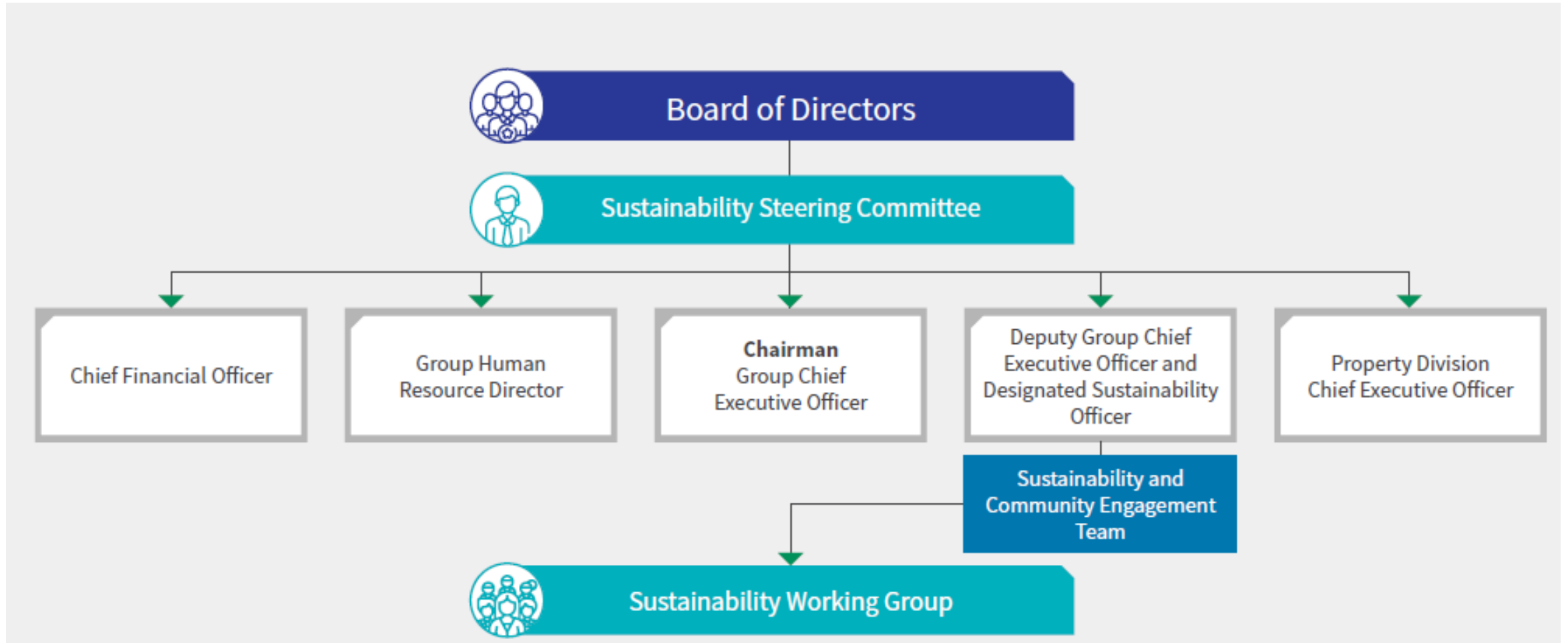
Sustainability Governance

Paramount employs a two-tiered sustainability governance structure to drive sustainability efforts. The structure comprises the Sustainability Steering Committee (**SSC**) as the first tier and the Sustainability Working Group (**SWG**) as the second tier. The SWG reports to the SSC, which, in turn, is accountable to the Board of Directors. This governance framework is seamlessly integrated into the overall corporate governance of the Company.

In 2023, Paramount established a dedicated Sustainability & Community Engagement Department, led by the Deputy Group CEO serving as the Designated Sustainability Officer, to oversee day-to-day sustainability tasks and initiatives. This department is an integral part of the SWG.

The SWG consists of business unit heads and cross-functional representatives, including department heads and subject matter experts. Together, the SSC and the Board make informed decisions and implement strategies to advance the Group's sustainability objectives.

Sustainability Governance Structure



ESG Risk Management

The Board maintains a robust risk management and internal control framework to protect shareholders' investments and the Group's assets. This framework is regularly reviewed to ensure its adequacy and integrity, permeating all aspects of the Group's operations.

In pursuit of this objective, the Board has established an ongoing process to identify, evaluate, monitor, and manage significant risks faced by the Group. Sustainability, alongside strategic, operational, financial, compliance, reputational, cybersecurity, and bribery and corruption risks, is recognised as a key risk category.

Comprehensive disclosures regarding risk management and internal controls can be found in Paramount's Annual Report 2023, specifically in the Statement of Risk Management and Internal Controls Framework.

Sustainability-Linked Financing Framework

Rationale for Framework

Paramount has chosen to undertake this Sustainability-Linked Financing Framework as it provides a unique opportunity to align sustainability ambitions with our business strategies and plans. By effecting positive changes through our operations, we can play our part in addressing environmental and social challenges that will, in turn, create value for our stakeholders over the long run.









This Framework has been developed to be aligned with the Securities Commission Malaysia's Sustainable and Responsible Investment-Linked (**SRI-linked**) Sukuk Framework and in accordance to the International Capital Market Association's (**ICMA**) 2023 Sustainability Linked Bond Principles (**SLBs**) and its five components:

1. Selection of Key Performance Indicators (**KPI**)
2. Calibration of Specific Performance Targets (**SPT**)
3. Financing Characteristics
4. Reporting
5. Verification

KPI Selection and SPT calibration

Paramount has selected the following KPIs which are **relevant, core and material** to our primary business of property development and coherent with the Company's sustainability strategy and priorities while being meaningful in terms of measuring sustainability and our broader ESG performance. Additionally, the proposed SPTs are material to our business, **ambitious** and highly challenging for Paramount to achieve while remaining realistic and economically viable. The achievement of these SPTs indicates a significant improvement for Paramount beyond 'Business-As-Usual' trajectory.

The KPIs and SPTs included in this Framework are as follows.

KPIs		SPT by 2030	SPT by 2031	UN SDG alignment
KPI 1	Percentage of cumulative Gross Floor Area (GFA) assigned with green certification	45% or more of cumulative GFA certified	50% or more of cumulative GFA certified	  
KPI 2	Percentage of cumulative construction sites certified by the Safety and Health Assessment System in Construction (SHASSIC)	55% or more of cumulative sites certified by SHASSIC	60% or more of cumulative sites certified by SHASSIC	 
KPI 3	Emissions reduction for Scopes 1 and 2	Reduce by 25%	Reduce by 30%	  

**KPI 1: Percentage of Gross Floor Area (GFA)
with green certification**

KPI 1: Percentage of cumulative GFA assigned with green certification

Description	Achievement of Green certification based on cumulative GFA from baseline
Unit	Percentage of Green certification based on GFA
Baseline	2023: 0% out of total GFA with green certification (completion assessment/final verification)
Rationale	Over 90% of our company's revenues and costs stem directly from the construction and sales activities associated with our development projects. In line with our commitment to reducing emissions, we have strategically shifted our focus towards eco-friendly developments, aiming to play a pivotal role in mitigating climate change and minimizing our overall carbon footprint. As a development-focused entity, our Scope 1, 2, and 3 emissions will inherently fluctuate in tandem with our project activities and may not be a suitable measure of our sustainability efforts.
<i>Relevant, core and material to our business</i>	
<i>Strategic significance to our sustainable future</i>	In our pursuit of environmental responsibility, we embrace green building certification as holistic frameworks that prioritise resource efficiency, minimise environmental impact, and enhance the well-being of occupants. Achieving these standards not only underscores the quality of our properties but also demonstrates our steadfast commitment to managing climate change. Furthermore, certification serve as external validations, affirming that we have diligently considered crucial environmental aspects in the design, development, and ongoing operations of our projects.

KPI 1: Percentage of cumulative GFA assigned with green certification

Description	Achievement of Green certification based on cumulative GFA from baseline
<p><i>(Rationale cont.)</i></p> <p><i>Consistently measurable</i></p> <p><i>Externally verifiable, certified by 3rd parties</i></p> <p><i>Benchmarked against local industry activities</i></p>	<p>At Paramount, we employ both the Green Building Index (GBI) and GreenRE rating systems to evaluate the environmental performance of our buildings. Notably, in 2023, GBI certified a total of 662 buildings, while GreenRE certified 343 buildings. In comparison, Singapore's national sustainable building certification body, Green Mark, certified over 4,500 buildings during the same period. This disparity highlights that, despite a notable increase in the number of green buildings compared to the previous century, the adoption of green building practices within the Malaysian construction industry remains relatively low when contrasted with the overall volume of constructed buildings.</p> <p>Recognising the urgency of climate action, it is imperative for Malaysia to accelerate efforts to encourage widespread adoption of green building practices within the industry. While there is currently no mandatory requirement for buildings to attain green certification, Paramount's commitment to this cause positions us to make a meaningful contribution towards achieving our national decarbonisation goals.</p>

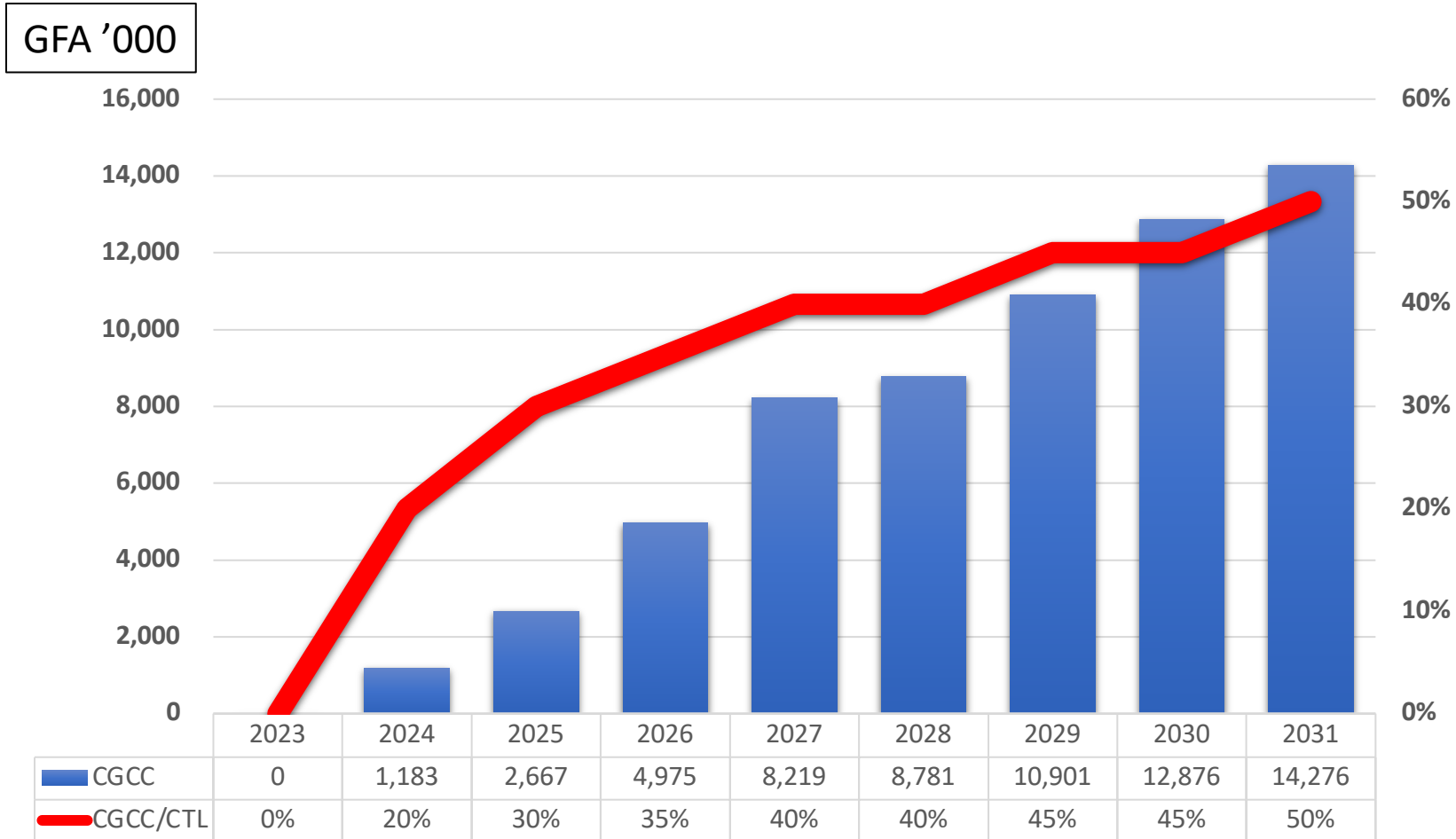
KPI 1: Percentage of cumulative GFA assigned with green certification

Description	Achievement of Green certification based on cumulative GFA from baseline
Scope	100% of Paramount projects in Malaysia
Track record	<p>Paramount received our first provisional green certification in 2014 for KDU University College building at Utropolis Glenmarie which was then converted into final certification in 2016. From there, we went on to secure two more green certifications for Wisma Paramount, Sungai Petani in 2018 and Sri KDU Klang in 2021 which has since been divested.</p> <p>Green certification of a building requires careful planning and execution. There is considerable time lag to the point of launch to completion, where unforeseen circumstances may delay a project’s launch or completion.</p> <p>Certification normally starts at the planning stages with a design assessment (provisional certification) and will be reviewed upon completion of the building (completion assessment) and continuously monitored thereafter to monitor the building’s performance (final verification) within six (6) months of the building being operational or 50% building occupancy whichever comes earlier.</p>

Calibration of SPT for KPI 1:

	2030	2031
Description of SPT 1	% of cumulative GFA with green certification to be equal or greater than 45% from baseline	% of cumulative GFA with green certification to be equal or greater than 50% from baseline
Target Observation date	31 Dec 2030	31 Dec 2031
Strategy to achieve SPT	<ul style="list-style-type: none"> Set targets from design stage with provisional green certification Monitor closely progress of development, ensuring compliance to the green certification requirements with final completion assessment/verification stage by certification body. 	
Calculation methodology	<p><u>Cumulative Total GFA with Green Certification* in a given year</u> Cumulative Total GFA launched in a given year**</p> <p>* Completion assessment / final verification obtained. ** Using 2023 as a baseline whereby 0% of total GFA launched whereby completion assessment/ final verification is obtained.</p>	

Projection – % of Gross Floor Area (GFA) with green certification



CGCC – Cumulative green certified completed
 CTL – Cumulative total launch

Note: Launch targets are subjected to market conditions where projects may be reprioritised or repositioned thus impacting actual certification efforts even at the provisional design stage.

**KPI 2: Percentage of construction sites certified by
SHASSIC**

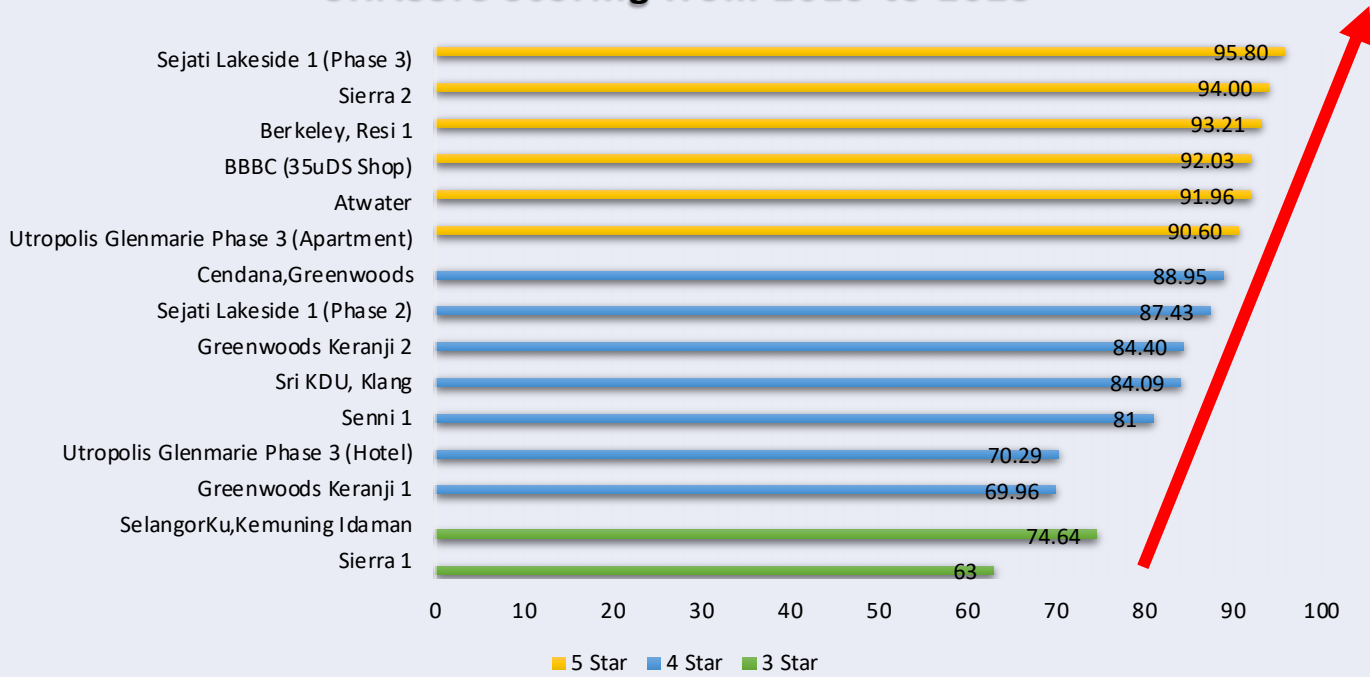
KPI 2: Percentage of construction sites certified by SHASSIC

Description of KPI 2	Achievement of construction sites certified by SHASSIC
Unit	Percentage of construction sites with SHASSIC certification
Baseline	2023: 20% of SHASSIC certified Sites vs Total Uncertified Sites
<p>Rationale</p> <p>Relevant, core and material to our business</p> <p>Strategic significance to our sustainable future</p> <p>Consistently measurable</p> <p>Externally verifiable, certified by 3rd parties</p> <p>Benchmarked against local industry activities</p>	<p>Safety is a major issue in the construction industry. Hence, good safety and health practices are crucial towards protecting labour rights while promoting a safe and secure working environment for all workers on site.</p> <p>At Paramount, we undergo SHASSIC which is a non-mandatory, independent assessment tool to evaluate the safety and health performance of our construction sites in accordance to the Construction Industry Standard (CIS 10:2020).</p> <p>According to CIDB, 95 projects were certified by SHASSIC out of the 148 applications in 2022. It was reported that a total of 12,474 projects were awarded to contractors in 2022. In 2023, 142 projects were assessed out of 187 applications.</p> <p>Under SHASSIC, a site is assessed through three main components of assessment such as Document Checks (20%), Workplace Inspection (60%) and Personnel Interview (20%). To be able to achieve high ratings, a significant amount of training, resources and investment is needed to meet the stringent criteria. Assessments can be conducted when the physical work progress is between 25%-75%.</p>

Source of statistics:

- shassic.cidb.gov.my/Shassic/Statistic
- www.nst.com.my/news/nation/2023/04/897486/2022-saw-69pc-reduction-construction-projects

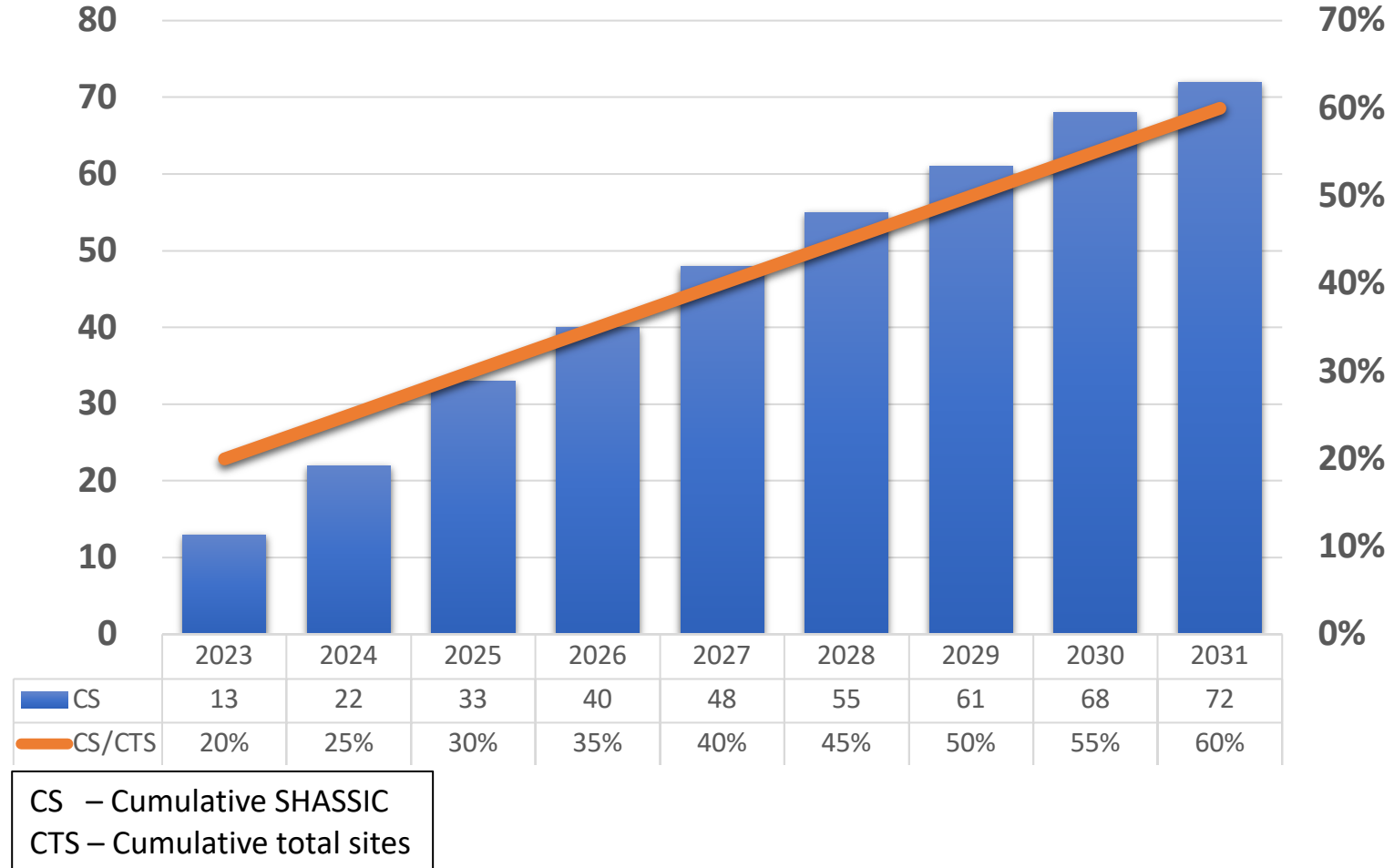
KPI 2: Percentage of construction sites certified by SHASSIC

Description of KPI 2	Achievement of construction sites certified by SHASSIC																																																
Scope	All Paramount construction sites operating in Malaysia																																																
Track record	<p data-bbox="733 458 2155 554">From 2019-2023, Paramount has submitted a total of 15 sites for SHASSIC assessments with progressive improvements in ratings.</p> <div data-bbox="843 591 2206 1300"> <p data-bbox="1161 591 1870 629">SHASSIC Scoring from 2019 to 2023</p>  <table border="1" data-bbox="843 629 2206 1300"> <thead> <tr> <th>Site Name</th> <th>Score</th> <th>Star Rating</th> </tr> </thead> <tbody> <tr><td>Sejati Lakeside 1 (Phase 3)</td><td>95.80</td><td>5 Star</td></tr> <tr><td>Sierra 2</td><td>94.00</td><td>5 Star</td></tr> <tr><td>Berkeley, Resi 1</td><td>93.21</td><td>5 Star</td></tr> <tr><td>BBBC (35uDS Shop)</td><td>92.03</td><td>5 Star</td></tr> <tr><td>Atwater</td><td>91.96</td><td>5 Star</td></tr> <tr><td>Utropolis Glenmarie Phase 3 (Apartment)</td><td>90.60</td><td>5 Star</td></tr> <tr><td>Cendana,Greenwoods</td><td>88.95</td><td>4 Star</td></tr> <tr><td>Sejati Lakeside 1 (Phase 2)</td><td>87.43</td><td>4 Star</td></tr> <tr><td>Greenwoods Keranji 2</td><td>84.40</td><td>4 Star</td></tr> <tr><td>Sri KDU, Klang</td><td>84.09</td><td>4 Star</td></tr> <tr><td>Senni 1</td><td>81</td><td>4 Star</td></tr> <tr><td>Utropolis Glenmarie Phase 3 (Hotel)</td><td>70.29</td><td>4 Star</td></tr> <tr><td>Greenwoods Keranji 1</td><td>69.96</td><td>4 Star</td></tr> <tr><td>SelangorKu,Kemuning Idaman</td><td>74.64</td><td>3 Star</td></tr> <tr><td>Sierra 1</td><td>63</td><td>3 Star</td></tr> </tbody> </table> </div>	Site Name	Score	Star Rating	Sejati Lakeside 1 (Phase 3)	95.80	5 Star	Sierra 2	94.00	5 Star	Berkeley, Resi 1	93.21	5 Star	BBBC (35uDS Shop)	92.03	5 Star	Atwater	91.96	5 Star	Utropolis Glenmarie Phase 3 (Apartment)	90.60	5 Star	Cendana,Greenwoods	88.95	4 Star	Sejati Lakeside 1 (Phase 2)	87.43	4 Star	Greenwoods Keranji 2	84.40	4 Star	Sri KDU, Klang	84.09	4 Star	Senni 1	81	4 Star	Utropolis Glenmarie Phase 3 (Hotel)	70.29	4 Star	Greenwoods Keranji 1	69.96	4 Star	SelangorKu,Kemuning Idaman	74.64	3 Star	Sierra 1	63	3 Star
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Calibration of SPT for KPI 2

	2030	2031
Description of SPT 2	% of construction sites to be certified by SHASSIC to be equal or greater than 55% from baseline	% of construction sites to be certified by SHASSIC to be equal or greater than 60% from baseline
Target Observation Date	31 Dec 2030	31 Dec 2031
Strategy to achieve SPT	<p>At Paramount, we place high priority on the safety and health of our employees and workers. As such, stringent measures are taken including:</p> <ul style="list-style-type: none"> • Paramount’s carries out our own Internal Safety & Health Assessment prior to the actual SHASSIC assessment • An Occupational Safety and Health (OSH) framework which conforms to the best practices as stipulated in the Occupational Safety and Health Act 1994 • All Paramount project sites are awarded ISO 45001:2018 for safety and health and ISO 14001:2015 on environmental laws and regulations, whereby all systems and data are independently audited and verified by SIRIM QAS auditors • Risk assessments including Hazard Identification, Risk Assessment and Risk Control (HIRARC) are regularly performed 	
Calculation methodology	<p>We have based our computation on the below, using 2023 as a baseline.</p> <p>Cumulative sites assessed by SHASSIC / Total cumulative number of sites (%)</p>	

Projection - % of sites certified by Safety and Health Assessment System in Construction (SHASSIC)



**KPI 3: Reduction of Greenhouse Gas (GHG)
Emissions Intensity Covering Scopes 1 and 2**

KPI 3: Emissions intensity reduction

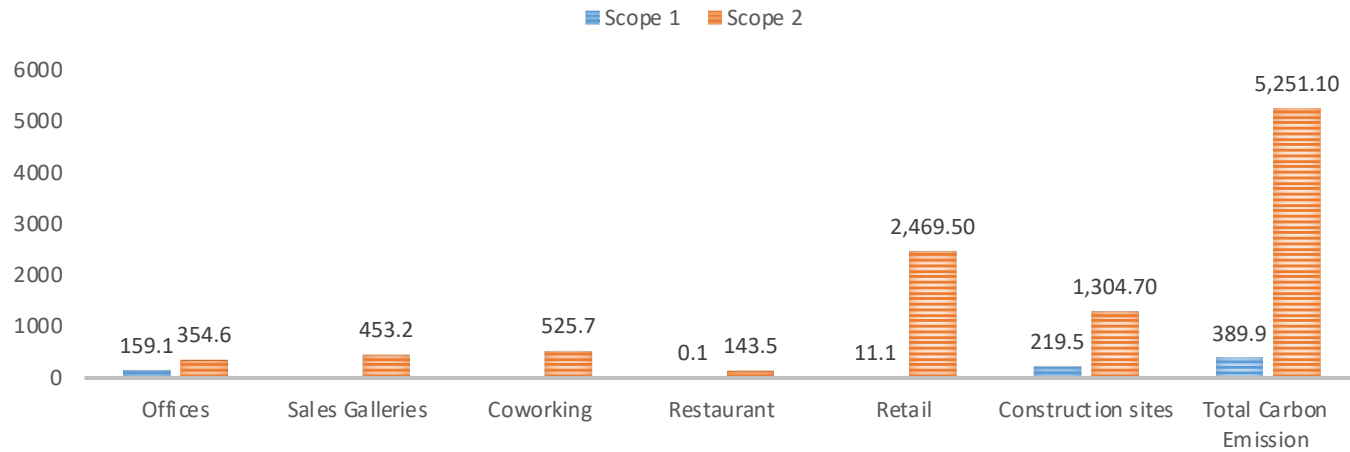
Description of KPI 3	Reduction of GHG emissions intensity covering Scope 1 and 2
Unit	kilogramme of carbon dioxide equivalent per square metre
Baseline	2023: Emissions intensity of 1,529kgCO ₂ e/m ²
Rationale	Paramount recognises climate change risks and aligns with the government's Net Zero 2050 objective. Our 2023 materiality review prioritises climate change, emphasising its critical role. Emissions intensity is favoured over absolute emissions to avoid constraining development activities.
Scope	Covering all operations of the group, that are owned or occupied and/or within the operational control of Paramount, specifically Scope 1 and 2: <ul style="list-style-type: none"> • Paramount offices, sales galleries • Paramount Property construction sites for projects by Paramount's construction arm • Utropolis Marketplace (retail) • Co-labs Coworking spaces (coworking) • Dewakan (restaurant)
Track record	Paramount's carbon emissions reduction efforts are newly initiated, with emissions measurement commencing only in 2023. However, we are proactively setting targets to underscore our commitment to addressing emissions as part of our climate action responsibilities.

Calibration of SPT for KPI 3

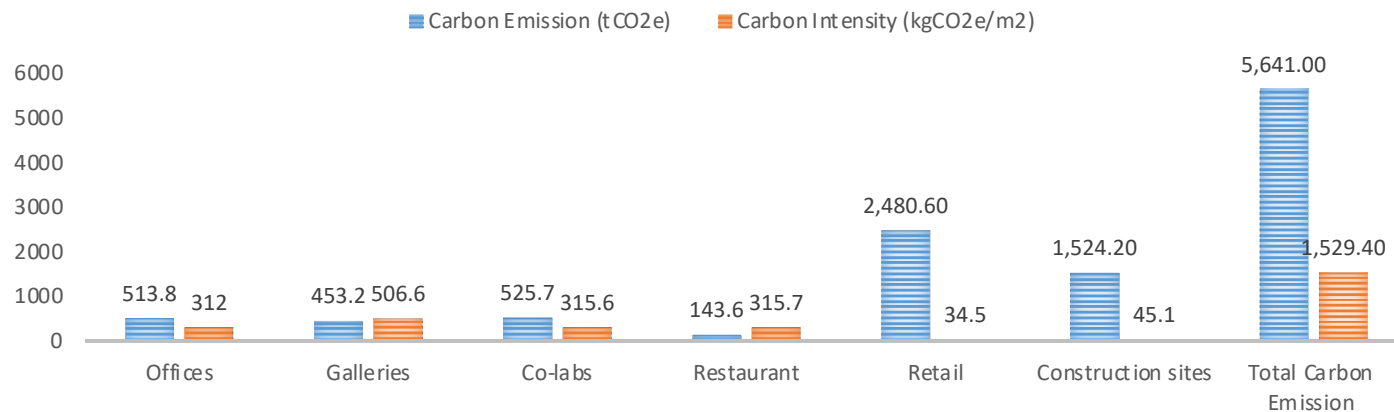
	2030	2031
Description of SPT-3	Reduce by at least 25%	Reduce by at least 30%
Target Observation Date	31 Dec 2030	31 Dec 2031
Strategy to achieve SPT	<p>Considering Scope 1 and 2 emissions, electricity consumption emerges as the leading contributor. As a result, our strategic focus will pivot towards optimising electricity usage efficiently and transitioning towards renewable energy sources.</p> <p>Furthermore, we remain steadfast in our commitment to a low-carbon framework for design and development. This entails incorporating circular economy principles into water and waste management practices, as well as engaging in carbon sequestration activities.</p>	
Calculation methodology	Emissions are measured following the Greenhouse Gas Protocol Guidance using appropriate Emission Factors (EF) available.	

Emissions baseline – FYE 2023

SCOPE 1 AND 2 BY SEGMENTS (TCO2E)



CARBON BY SEGMENTS

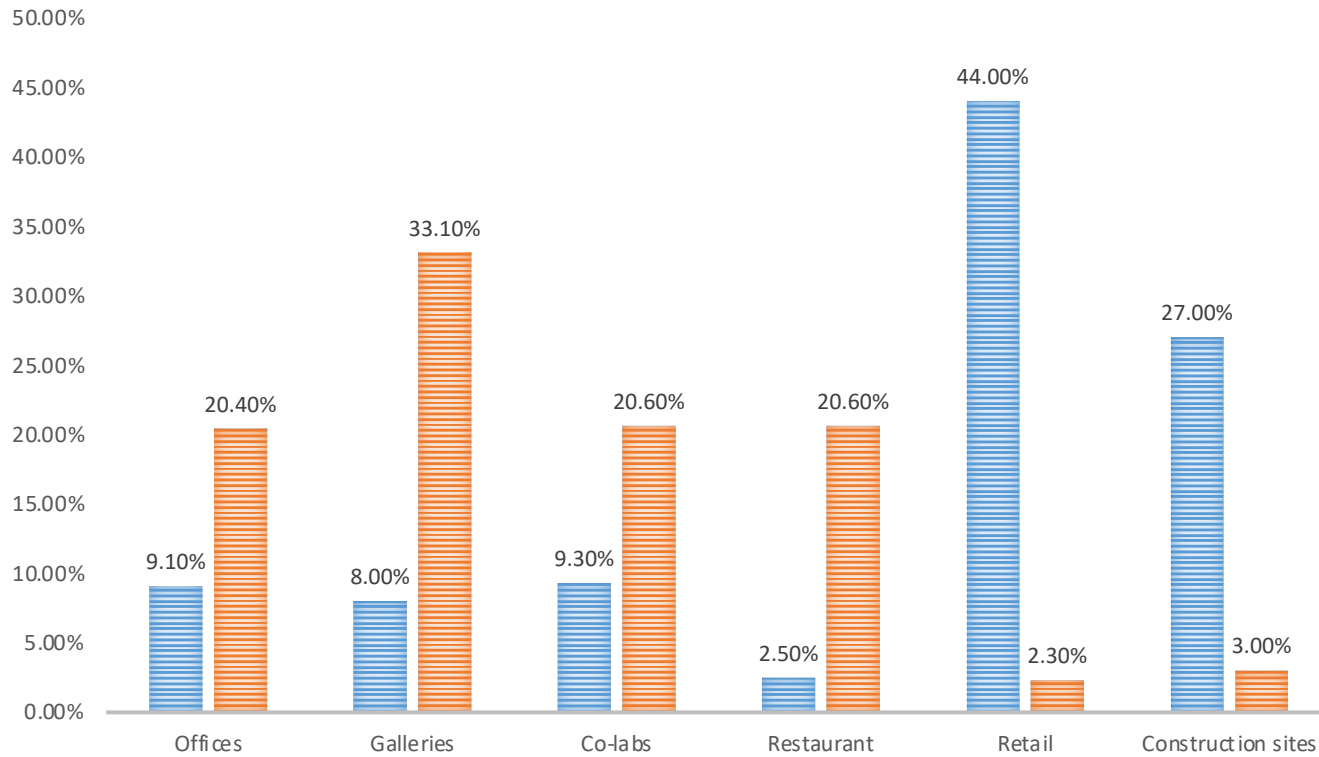


- **Scope 1** are emissions from the operation of owned assets, primarily from fuel combustion.
- **Scope 2** are emissions from purchased energy mostly from electricity.
- A significant portion of our emissions is attributed to electricity purchased.
- Emissions intensity is derived largely from operating property assets.

Rationale for Emission Intensity

EMISSION BY SEGMENT (%)

■ Carbon Emission ■ Carbon Intensity

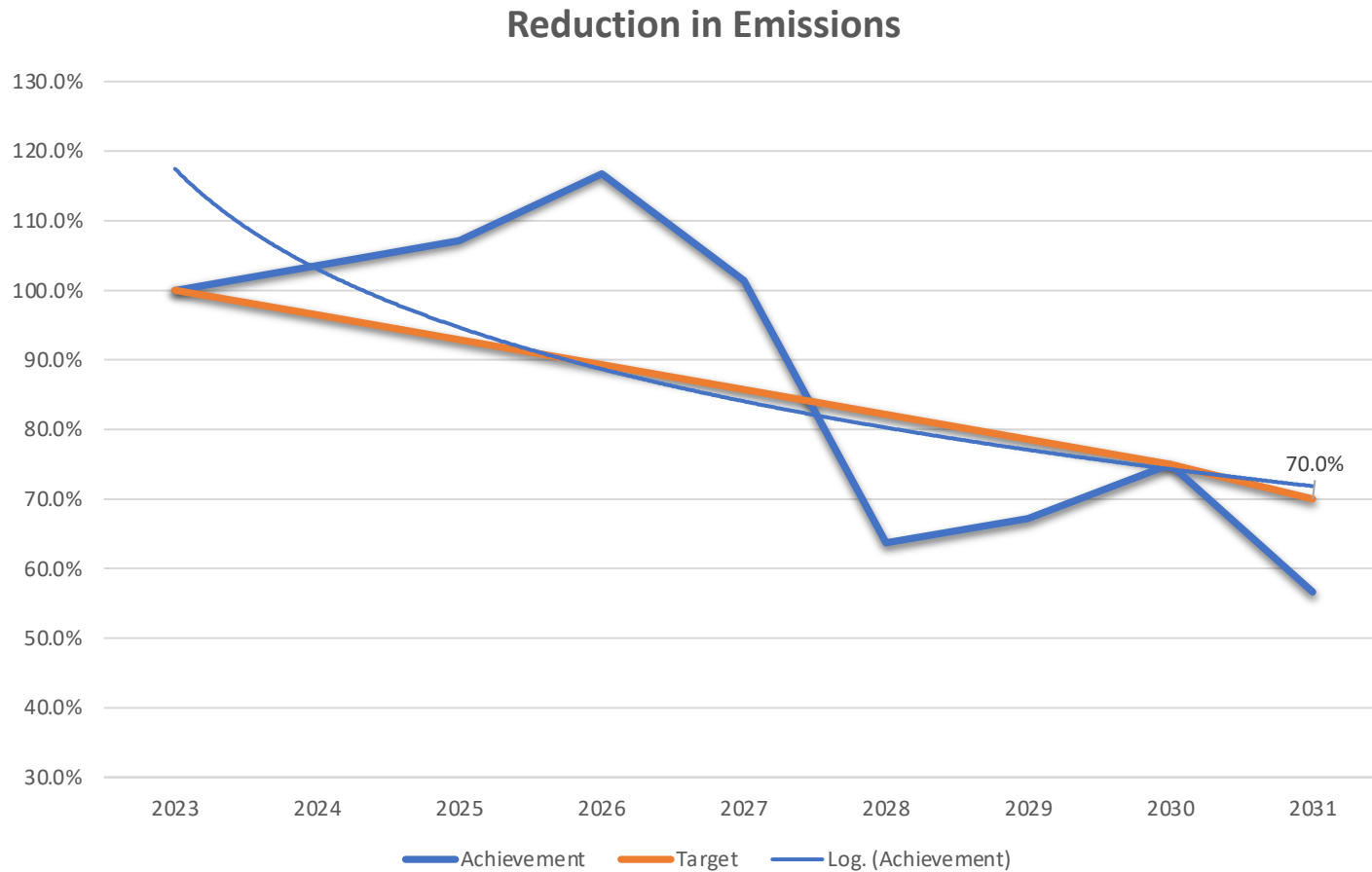


In setting key performance indicators (KPIs), Paramount has chosen to focus on Scopes 1 and 2 emissions, as these are directly manageable by management thus appropriate for KPI setting.

While higher construction activity and the number of sites lead to substantial emissions in absolute terms, mandating reductions in absolute emissions may have implications for construction activities and overall profitability.

On the other hand, when considering intensity, operating property assets exhibit higher emissions intensity. Nonetheless, Paramount remains dedicated to reducing emissions across all operations and views emission intensity as the more suitable KPI.

Projected reduction for Scope 1 & 2



Considerations

Considering the nature of our business, we anticipate fluctuations in our emissions to correspond with our development activities each year.

As we implement enhanced energy and resource management across all operational levels, improvements in emission levels are anticipated to become evident from 2026 onwards.

Note:
The graph is provided for illustrative purposes.

Beyond Business-As-Usual

Paramount is committed to advancing our sustainability agenda and upholding high standards of sustainability and green practices by actively pursuing all three KPIs outlined in this framework and incorporating these into our annual goals and targets. It is important to emphasise that these KPIs and SPTs set significantly higher targets than our BAU and the industry norm.

KPI 1: Following an internal competitive benchmarking analysis, Paramount stands out among property developers in its category (below RM1 billion market cap) by investing in and committing to the development of green certified buildings. Our goal to progressively green-certify 50% of our future developments, starting from a baseline of 0%, over the next 7 years demonstrates a firm commitment to leading the industry.

KPI 2: Paramount aims to increase SHASSIC certification of sites to 60%, up from a baseline of 20%, over the next 7 years. This is a substantial undertaking considering the limited number of independently certified construction sites in Malaysia. It's crucial to note that continuous investment is essential for training, safety equipment, monitoring, and technology to maintain certification and high ratings.

KPI 3: With our GHG database established in 2023, our target of reducing Scope 1 and 2 emissions intensity by 30% by 2031 is ambitious. Paramount will intensify efforts to achieve this goal by investing in renewable energy, enhancing operational efficiencies to reduce fuel and electricity consumption, and implementing new strategies and investments towards achieving net zero emissions.

Bond/Sukuk/Financing Characteristics

The failure to meet the SPT as at the target observation date, as specified in the relevant documentation of the specific transaction, will result in a change in financing characteristics.

Should, for any reason, the determination or observation of performance against each SPT prove unfeasible or unsatisfactory (with "unsatisfactory" construed as a verification assurance certificate issued by the independent auditor containing a reservation, or the independent auditor being unable to furnish such a certificate), the obligation to effect premium payments shall ensue.

The modes of payment may encompass:

- Escalation of the coupon/profit rate
- Imposition of a premium payable upon the redemption of the instrument
- Disbursement to a research institute or non-governmental organisation (NGO) actively engaged in the domains of climate research or climate change mitigation
- Implementation of a combination of the aforementioned alternatives

Recalculation Policy

Given the nature of our business, our operations may be susceptible to unforeseen circumstances. Events that could prompt a recalculation include:

For KPI 1 and KPI 2:

- Delays in certification due to unexpected disruptions in project schedules caused by major incidents or events such as pandemics, economic crises, etc.
- Changes to green certification standards.

For KPI 3:

- Acquisitions or disposals of assets that could significantly alter the carbon footprint.
- Unforeseen events impacting construction projects that may substantially influence the carbon footprint.
- Changes in the ownership structure of the business.
- Material alterations to reporting methodologies, computations, or the discovery of significant errors in calculations.
- Significant changes in emissions factors by governing bodies or agencies that could affect calculations.

We will engage independent verification for any recalculations made.

Reporting

Paramount will make the relevant disclosure regarding our progress against the identified SPTs within our annual sustainability report or a separate bond/sukuk-level report which shall be published on our corporate website at www.pcb.my

Such disclosure may include the following information:

- Up-to-date information on the performance of the selected KPI, including baselines where relevant;
- A verification assurance report relative to the SPT outlining the KPI performance against the SPT and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics; and
- Any information enabling investors to monitor the level of ambition of the SPT e.g. any update in the issuer's sustainability strategy or on the related KPI / ESG governance and more generally any information relevant to the analysis of the KPI and SPT

Verification

Pre-issuance:

Paramount has enlisted MARC Ratings Berhad (MARC) to secure a Second-Party Opinion on this Framework, accessible in the relevant section on Paramount's website at www.pcb.my.

Post-issuance:

The performance of the designated KPIs in accordance with their SPTs, along with their associated impacts and timing on the financing structure characteristics, will be verified by an appropriately qualified independent party to a limited level of assurance. The verification results against the SPT will be publicly accessible on Paramount's website.

Note:

Paramount will regularly review this Framework, ensuring alignment with updated versions of the Sustainability-Linked financing principles, aiming to adhere to market best practices. Any material changes to the scope, methodology, and/or SPT calibration will prompt a review of the Framework, potentially leading to updates and amendments. Significant updates will require prior approval from MARC or another qualified second-party opinion provider. Any updated versions of the Framework will maintain or enhance transparency and reporting disclosures, including external review. Such updates will be published on Paramount's website, replacing the existing Framework.

DISCLAIMER:

This document (the *Sustainability-Linked Financing Framework* or *Framework*) contains information on Paramount Corporation Berhad (Paramount) and its potential use of financing with added environmental criteria (the *Sustainability-Linked Terms*). Any such financing by Paramount that includes the Sustainability-Linked Terms in its associated financing documentation, by reference or inclusion, as detailed in this document or in future versions of this document, will be designated as a Sustainability-Linked Bond (*Sustainability-Linked Bond* or *SLB*) or SRI-linked Sukuk (Sukuk) or a Sustainability-Linked Loan (*Sustainability-Linked Loan* or *SLL*) or jointly Sustainability-Linked Finance Instruments (*Sustainability-Linked Finance Instruments*” or *SLFI*).

Depending on the language of the financing documentation the Sustainability-Linked Terms in this Framework may be translated into other languages, as required or preferred in the local jurisdiction. Furthermore, all parties are advised to review the risk factors in the relevant financing documentation, such as any applicable bond prospectus.

Any financing will be subject to the version of the Sustainability-Linked Terms in the associated financing documentation. Any new financing activity will include a reference to, or inclusion of, the most recently published Sustainability-Linked Terms, which shall be publicly available in the Framework on Paramount’s website.

Investors, lenders and third parties are advised to conduct an independent evaluation of the relevance and adequacy of the information in this Framework and for making such other investigations considered necessary prior to entering into any of the types of transactions or arrangements where the Sustainability-Linked Terms would be applicable, for instance regarding the adherence to current and future regulation, standards or market practices such as the Sustainability-Linked Bond Principles. If there is a conflict between any applicable laws, statutes and regulations and the guidelines set forth in the Sustainability-Linked Bond Principles, the relevant local laws, statutes and regulations shall prevail.

PARAMOUNT

**At Paramount, we
Change Lives and Enrich Communities
for a Better World**